

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-02 XMB-07

OPIC-12 LAB-06 SIL-01 PA-04 USIA-15 PRS-01 AGR-20

DRC-01 HEW-08 /217 W

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R 110920Z APR 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6710

INFO AMCONSUL DHAHRAN

C O N F I D E N T I A L SECTION 1 OF 2 JIDDA 1892

E.O. 11652: GDS

TAGS: EFIN, RDEV, SA

SUBJECT: SAUDI NEEDS FROM U.S. STILL UNDER STUDY

REF JIDDA 976

SUMMARY: CONFIDENTIAL THREE-MAN MINISTERIAL COMMITTEE ESTABLISHED UNDER A ROYAL ORDER TO STUDY WHAT NEEDS OF THE KINGDOM COULD BEST BE FURNISHED FROM U.S. SOURCES HAS DONE LITTLE TO DEFINE THE PROBLEM SO FAR. MADE UP OF HISHAM NAZER, MUHAMMAD ABA AL KHAYL, AND ABD AL AZIZ QURAYSHI, IT WILL REPORT BACK TO PRINCE FAHD AND A LARGER COMMITTEE SOMETIME BEFORE HIS MAY TRIP TO THE U.S. CPO HEAD NAZER IS IN LONDON FOR MEDICAL TREATMENT BUT IS EXPECTED BACK BY APRIL 17 WHEN THE WORK OF THE COMMITTEE WILL BE ACCELERATED.

COMMITTEE SEEMS LIKELY TO CONCENTRATE ON U.S. HELP
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IN MANPOWER TRAINING NEEDS, IMPROVEMENT OF SOCIAL

SERVICES, AND IMPROVEMENTS IN ADMINISTRATION WITHIN THE MINISTRIES. IT MAY WELL CHOOSE U.S. TECHNOLOGY FOR PLANNING THE BASIC SAUDI INDUSTRIAL INFRASTRUCTURE. SUCH A PLAN MAY FOCUS (A) ON HYDROCARBONS TO BREAK THE DECISIONS DEADLOCK IN THAT FIELD ESPECIALLY IN UTILIZATION OF GAS AND (B) ON SEEKING HELP IN EVALUATING STRATEGIES TO BE FOLLOWED IN WATER AND URGANIZATION PROGRAMS.

COMMITTEE UNLIKELY TO SUGGEST USG INVOLVEMENT IN MONETARY AND PETROLEUM POLICY AT LEAST FOR THE IMMEDIATE FUTURE.

AN OPPORTUNITY EXISTS FOR INFLUENCING THE SAG ATTITUDES ON WHAT ASSISTANCE USG MIGHT ORGANIZE UNDER THE NEW ECONOMIC AND SCIENTIFIC COMMISSIONS IF DETAILS OF THE TASK FORCE EFFORTS IN WASHINGTON COULD BE PROVIDED THE EMBASSY. END SUMMARY.

1. MINISTER OF STATE ABD AL AZIZ QURAYSHI, HEAD OF CENTRAL BUREAU OF PERSONNEL WITHING PAST FEW DAYS DISCUSSED WITH ECON COUNSELOR ANNOUNCEMENT OF APRIL 5 AGREEMENT BETWEEN SAUDI ARABIA AND THE UNITED STATES IN THE CONTEXT OF THE PREVIOUS INITIATIVE WITHIN THE SAUDI GOVERNMENT (REFTEL) FOR IDENTIFYING THE AREAS OF DEVELOPMENT IN WHICH SAG HAD NEED OF U.S. TECHNOLOGY. THE BRAIN-CHILD OF HISHAM NAZER, THIS INITIATIVE NOW DOVETAILS NICELY WITH PREPARATIONS FOR THE VISIT OF PRINCE FAHD TO DISCUSS THE DETAILS OF THE NEW US/SAG AGREEMENT.

2. COMMITTEE OF THREE (NAZER, QURAYSHI, AND MINSTATE FINANCE MUAHMMAD ABA AL KHAYL) WAS APPOINTED BY PRINCE FAHD TO REPORT BACK ON DETAILS OF WHAT SAG SHOULD SEEK FROM THE U.S. WHILE THIS PREDATED THE APRIL 5 ANNOUNCEMENT, THE COMMITTEE HAS NOT BEEN ABLE TO MOVE FORWARD VERY FAR IN ITS THINKING ON THE SUBJECT, ACCORDING TO QURAYSHI. WHEN NAZER RETURNS FROM A MEDICAL TRIP TO LONDON LATER THIS WEEK THE COMMITTEE WILL START ITS MEETINGS IN EARNEST.
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3. SPECULATING ON WHAT IT MIGHT RECOMMEND TO PRINCE FAHD, QURAYSHI SAID THAT IT WAS OBVIOUS THE GREATEST NEED LAY IN TRAINING AND MANPOWER (A SUBJECT CLOSEST TO HIS OWN RESPONSIBILITIES OF COURSE). HE ADMITTED THAT DEFENSE NEEDS IN MANPOWER HAD NOT BEEN CONSIDERED IN LAYING DOWN THE GUIDELINES OF THE NEW PLAN; SOME TIE-IN BETWEEN THE CIVILIAN AREA OF

DEVELOPMENT AND THE MILITARY WOULD HAVE TO BE
MADE SOON.

4. A SECOND GREAT AREA WILL BE SOCIAL SERVICES
WHERE SAUDI ARABIA HOPED TO CREATE A QUIET REVOLUTION
IN THE WAY OF LIFE OF ITS PEOPLE WITHOUT THEIR
LOSING THE QUOTE GOOD VALUES IN SAUDI SOCIETY
UNQUOTE. (WE FIND THIS THEME THROUGHOUT OUR CON-
VERSATIONS WITH OFFICIALS AND PRIVATE SAUDI FIGURES).
QURAYSHI NOTED THAT THERE HAD BEEN NO STUDY OF THE
SOCIAL FACTORS LEADING TO REAL DEVELOPMENT OF THE
KINGDOM'S HUMAN ASSETS. THE URGENT NEED FOR A
BROADER, MORE EQUITABLE DISTRIBUTION OF INCOME WAS
ALSO OF GREAT CONCERN BOTH WITHIN THE ROYAL FAMILY
AND AMONG THE TECHNOCRATS.

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5. THE HYDROCARBON SECTOR WAS MORE COMPLEX, HE SAID,
AND THERE WAS STRONG DISAGREEMENT ON THE STRATE-
GIES REGARDING THIS WITHIN THE GOVERNMENT THAT COULD
NOT BE EASILY RESOLVED. COMPREHENSIVE PLANS FOR

INDUSTRIALIZATION OF THE EASTERN PROVINCE MIGHT BE UNNECESSARY; AFTER ALL THERE WAS ONLY GOOD INDUSTRIAL SITE WITH DEEP WATER, THE NAVAL PORT OF JUBAYL. AS ACTING MINISTER OF COMMUNICATION HE HAD JUST ORDERED WORK TO BEGIN ON PLANNING THE BUILDING OF A CIVILIAN AIRPORT AT JUBAYL. WHETHER THE PORT NEEDED FOUR OR SIX BERTHS COULD BE DECIDED LATER ON. THIS WAS THE WAY TO DEVELOP BASIC INFRASTRUCTURE EVEN THOUGH PLANS HAD TO BE CAREFULLY CONSIDERED FOR DEVELOPING THE HYDROCARBON INDUSTRY ITSELF. THERE MIGHT BE NEED FOR U.S. HELP ON THIS LAST SUBJECT AND IN CHOOSING STRATEGIES FOR GAS AND PETROCHEMICALS ALTHOUGH PETROMIN HAD A GOOD DEAL OF EXPERIENCE BY THIS TIME AND COULD HIRE CONSULTANTS. HE IMPLIED THAT THE PLAN TO BUILD A MAJOR PIPELINE ACROSS THE PENINSULA FOR A WESTERN

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INDUSTRIAL AREA MIGHT HAVE BEEN PARTLY INSPIRED BY BECHTEL ITSELF. (IN FACT BECHTEL SEES A CONFLICT WITH ITS EASTERN PROVINCE PROPOSAL).

6. HE DID NOT THINK THAT THE COMMITTEE WOULD RECOMMEND HELP ON SAUDI MONETARY POLICY PER SE. THERE WAS NEED FOR BETTER ADMINISTRATION IN ALL MINISTRIES OF COURSE AND THE MINISTRY OF FINANCE WAS NO EXCEPTION. SIMILARLY PETROLEUM POLICY BY ITSELF MIGHT NOT BE A SUBJECT ON WHICH THE USG WOULD BE ASKED TO DO VERY MUCH IN THE WAY OF HELPING THE KINGDOM. ALTERNATIVE SOURCES OF ENERGY AND SCIENTIFIC HELP IN THIS FIELD WOULD OF COURSE BE WELCOME.

7. COMMENT: QURAYSHI DID NOT SEEM TO HAVE RECOGNIZED OR BEEN BRIEFED FULLY ON THE DETAILS OF THE US PROPOSAL AND THE PLAN TO ESTABLISH COMMISSIONS IN THE THREE SUBJECT AREAS. (HISHAM NAZER SIMILARLY HAD NOTED THAT HE NEEDED MORE INFORMATION ON WHAT THE USG INTENDED TO DO AND HOW). THE HIGH-LEVEL COMMITTEE OF THREE TECHNICIANS/ MINISTERS WILL HAVE A GOOD DEAL TO SAY IN SHAPING OF SAUDI POLICY IN THE PERIOD BEFORE PRINCE FAHD TRAVELS TO THE US. WE WOULD PLAN TO BRIEF THEM FULLY ON THE AID UMBRELLA AGREEMENT WHEN A FINAL DRAFT IS APPROVED BY WASHINGTON. MEANWHILE IT WOULD SEEM LOGICAL TO REMAIN IN TOUCH WITH THESE THREE MINISTERS AND GIVE THEM WHATEVER INPUTS WE CAN ON USG THINKING SO THAT EXPECTATIONS ON BOTH SIDES CAN BE KEPT WITHIN THE SAME BALLPARK. THE DEPARTMENT IS REQUESTED TO FURNISH US WITH INFORMATION ON AT LEAST THREE BROAD OUTLINES OF WHAT EACH COMMISSION OR WORKING GROUP MAY BE SETTING UP FOR ITS INITIAL GOALS.

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